

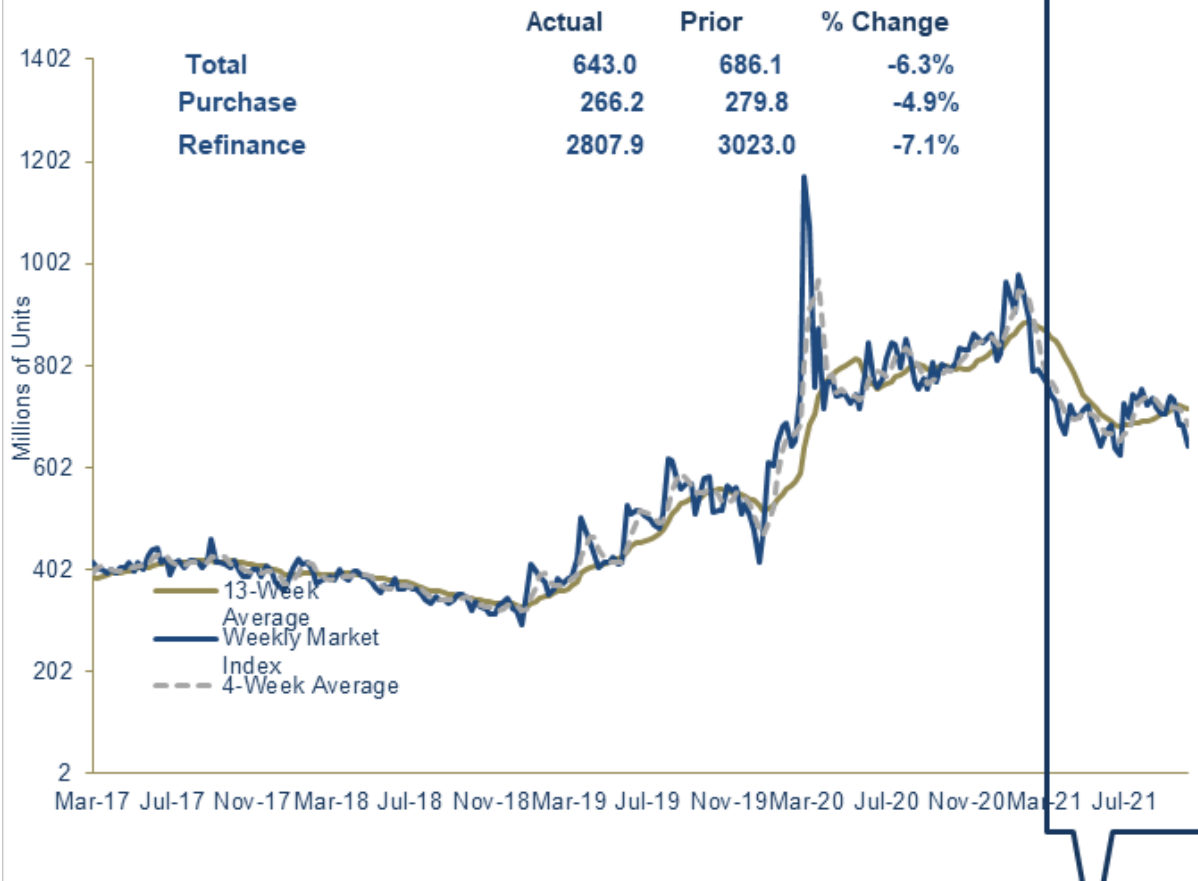
20.Oct.2021

Mortgage Apps: Decline Steepens Amid Higher Mortgage Rates

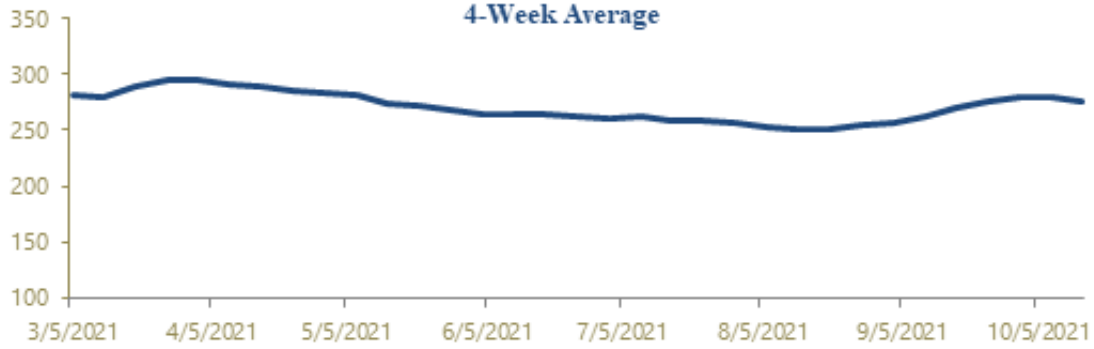
Bottom Line: Refinancing activity felt the impact of higher rates over the last few months, but applications for purchases held up somewhat better. That is starting to change, though, as higher mortgage rates and higher home prices amid continued tight supply conditions have hampered affordability.

Mortgage applications fell over 6% in the second full week of October as mortgage rates continued to increase. Applications for refis were lower by around 7%, while purchase apps were down nearly 5% on the week. The average 30-year fixed-rate mortgage was up 5bps to 3.23%, catching up to the 14bp move higher in the secondary market the week prior. Current coupon yields were mostly steady last week and this week through this morning.

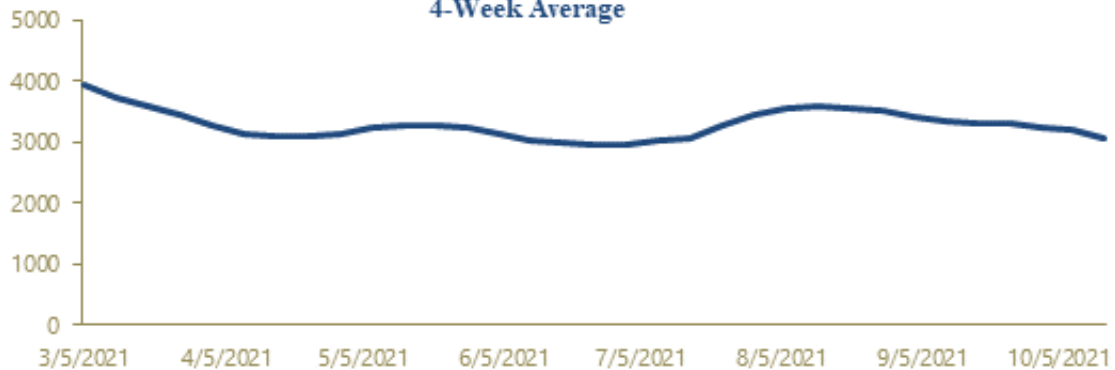
Mortgage Applications



Purchase Index 4-Week Average



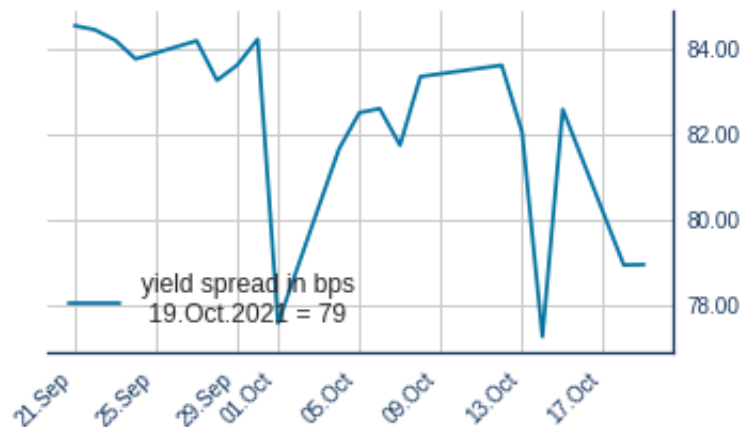
Refi Index 4-Week Average



MBS Current Coupon Yield



MBS Current Coupon spread to Blend of Treasury Yields



The MBA Mortgage Applications Index FELL by 6.3% during the week ended October 15 to 643.0, sharply below its 13 week average of 717.1 and 19.0% BELOW its year-ago level.

The Purchase Index FELL by 4.9% to 266.2, slightly above its 13 week average of 264.6 but 12.6% BELOW its year-ago level.

The Refinance Index FELL by 7.1% to 2,808. With this decline, refinancing activity is sharply below its 13 week average of 3,337 and 22.4% BELOW its year-ago level.

Contract Mortgage Rates ROSE with the 30-year fixed rate increasing by 5 bps to 3.23% and the 15-year fixed rate increasing by 6 bps to 2.54%.

Key findings of MBA's Forbearance and Call Volume Survey - October 4 to

October 10, 2021

- Total loans in forbearance decreased by 34 basis points relative to the prior week: from 2.62% to 2.28%.
 - By investor type, the share of Ginnie Mae loans in forbearance decreased relative to the prior week: from 2.94% to 2.77%.
 - The share of Fannie Mae and Freddie Mac loans in forbearance decreased relative to the prior week: from 1.21% to 1.05%.
 - The share of other loans (e.g., portfolio and PLS loans) in forbearance decreased relative to the prior week: from 6.42% to 5.34%.
- By stage, 14.8% of total loans in forbearance are in the initial forbearance plan stage, while 75.5% are in a forbearance extension. The remaining 9.7% are forbearance re-entries.
- Total weekly forbearance requests as a percent of servicing portfolio volume (#) decreased relative to the prior week: from 0.05% to 0.04%.
- Of the cumulative forbearance exits for the period from June 1, 2020, through October 10, 2021, at the time of forbearance exit:
 - 28.9% resulted in a loan deferral/partial claim.
 - 20.8% represented borrowers who continued to make their monthly payments during their forbearance period.
 - 16.7% represented borrowers who did not make all of their monthly payments and exited forbearance without a loss mitigation plan in place yet.
 - 12.9% resulted in a loan modification or trial loan modification.
 - 12.2% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.
 - 7.1% resulted in loans paid off through either a refinance or by selling the home.
 - The remaining 1.4% resulted in repayment plans, short sales, deed-in-lieu or other reasons.
- Weekly servicer call center volume:
 - As a percent of servicing portfolio volume (#), calls decreased relative to the prior week: from 7.8% to 7.4%.
 - Average speed to answer increased from 2.5 minutes to 2.6 minutes.
 - Abandonment rates decreased from 6.2% to 6.0%.
 - Average call length decreased from 8.4 minutes to 8.3 minutes.
- Loans in forbearance as a share of servicing portfolio volume (#) as of October 10, 2021:
 - Total: 2.28% (previous week: 2.62%)
 - IMBs: 2.57% (previous week: 2.82%)
 - Depositories: 2.16% (previous week: 2.69%)

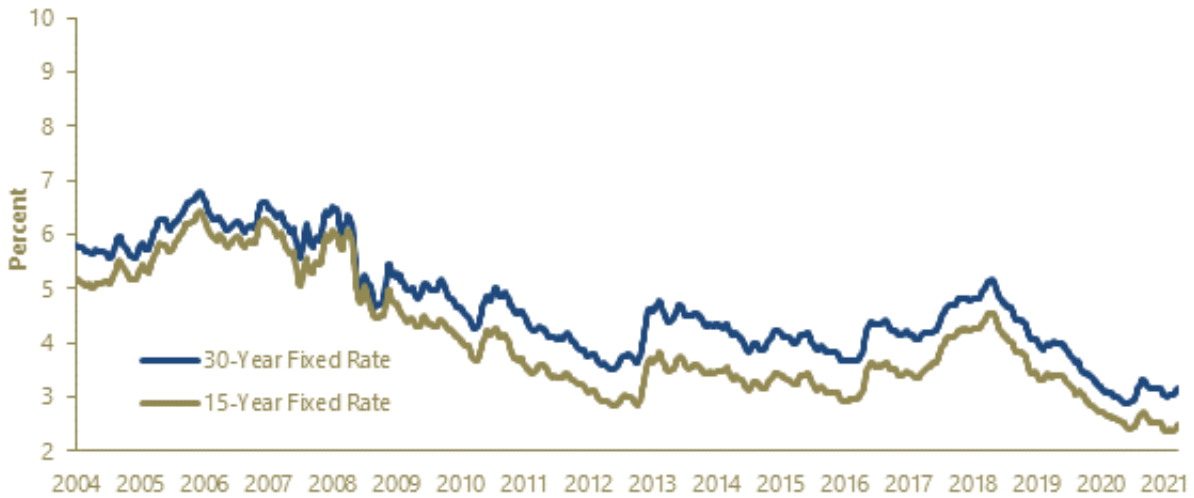
MBA's latest Forbearance and Call Volume Survey covers the period from October 4 through October 10, 2021, and represents 73% of the first-mortgage servicing market (36.7 million loans).

source: Mortgage Banker's Association

Mortgage Interest Rates

4-Week Average

30-Year Fixed Rate, 15-Year Fixed Rate



Purchase Index vs. Existing Home Sales



Refinancing Index vs Mortgage Rate 4-Week Average



	15-Oct	8-Oct	1-Oct	24-Sep	17-Sep	10-Sep	3-Sep	27-Aug	20-Aug	13 Wk Avg	Year Ago
Market Index	643.0	686.1	684.5	734.9	742.7	707.9	705.6	719.4	737.1	717.1	794.2
Percent Change	-6.3	0.2	-6.9	-1.1	4.9	0.3	-1.9	-2.4	1.6	-10.3	-19.0
Non-seasonally Adj. % Chg	-6.2	0.4	-6.9	-1.3						-11.3	-19.0
Purchase Index	266.2	279.8	275.7	280.4	283.9	277.9	258.4	259.0	257.5	264.6	304.6
Percent Change	-4.9	1.5	-1.7	-1.2	2.2	7.5	-0.2	0.6	3.0	0.6	-12.6
Refinancing Index	2,808	3,023	3,038	3,360	3,391	3,186	3,292	3,386	3,521	3,337	3,621
Percent Change	-7.1	-0.5	-9.6	-0.9	6.5	-3.2	-2.8	-3.8	0.9	-15.9	-22.4
Refinance % of Total	63.3	63.9	64.5	66.4	66.2	64.9	66.8	66.8	67.3	66.2	66.1
Percent Change	-0.9	-0.9	-2.9	0.3	2.0	-2.8	0.0	-0.7	0.0	-4.4	-4.2
% of ARMs	3.3	3.4	3.4	3.4	2.9	3.3	2.5	3.2	3.1	3.2	1.9
30-Year Fixed Rate	3.23	3.18	3.14	3.10	3.03	3.03	3.03	3.03	3.03	3.06	3.02
15-Year Fixed Rate	2.54	2.48	2.45	2.43	2.34	2.34	2.37	2.39	2.38	2.40	2.61
5-Year ARM on 30-Year	3.09	3.08	2.54	2.77	2.51	2.68	2.56	2.80	2.68	2.76	2.86

Source: Mortgage Bankers Association via Bloomberg. Our calculations.

Copyright © 2018 Contingent Macro Advisors, LLC. All rights reserved. Reproduction and/or redistribution are expressly prohibited. "Economic Advisory Service" is a registered trademark of Contingent Macro Advisors, LLC. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed.

T.J. Connelly, Head of Research

October 20, 2021

Steven A. Wood, Senior Economic Adviser